
Community Development Financial Institutions Fund

Community Development Financial Institutions Program

Application for Certification/Recertification

OMB Approval No. 1559-0006
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U.S. Department of the Treasury
form CDFI-0005

Community Development Financial Institutions Program

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Paperwork Reduction Act Notice.

This submission requirements package is provided to applicants for awards under the Community Development Financial Institutions Program. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated burden associated with this collection of information is 30 hours. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Community Development Financial Institutions Fund, 601 13th Street, N.W., Suite 200 South, Washington, DC 20005.

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Community Development Financial Institutions Fund

Introduction

CDFI FUND MISSION

The mission of the CDFI Fund (the Fund) is to promote access to capital and local economic growth by directly investing in and supporting Community Development Financial Institutions (CDFIs) and expanding financial service organizations' lending, investment and services within underserved markets. CDFIs are financial institutions that specialize in serving underserved communities and the people who live there. CDFIs include community development banks, credit unions, loan funds, microenterprise loan funds, *Venture Capital Funds*¹ and *Multi-Bank Community Development Corporations*.

CDFI PROGRAM

The CDFI Program seeks to promote the development of a national network of community-based financial institutions that are dedicated to community development. The Fund certifies organizations as CDFIs and offers the following funding programs to support their development and growth:

CDFI Core Component. CDFIs and institutions proposing to become CDFIs may apply for financial and/or technical assistance in support of an identified business plan. Funds may be used for capitalization, operational expenses, or technical assistance needs.

CDFI Intermediary Component. *CDFI Intermediaries* (institutions that focus primarily on the financing of other CDFIs) or institutions proposing to become *CDFI Intermediaries* may apply for financial and/or technical assistance in support of an identified business plan. Funds may be used for capitalization, operational expenses, or technical assistance needs.

CDFI Technical Assistance Component/SECAP. The Fund anticipates promulgating a Notice of Funds Availability in 2001 implementing a new Small and Emerging CDFI Assistance Program (SECAP) designed to provide technical assistance and limited amounts of financial assistance to small and emerging CDFIs. The Fund encourages such institutions to consider applying through this targeted program.

BANK ENTERPRISE AWARDS (BEA) PROGRAM

The Bank Enterprise Awards Program recognizes the key role played by traditional financial institutions in community development lending and investing. It provides incentives for these regulated banks and thrifts to invest in certified CDFIs as well as increase their lending, investments, and provision of financial services in distressed communities. Certified CDFIs have found the BEA Program a useful tool in building partnerships and raising funds from traditional financial institutions. CDFIs that are FDIC-insured depository institutions may apply to the BEA Program to recognize their activities in distressed communities.

CDFI CERTIFICATION

In order to be certified as a Community Development Financial Institution an organization must be a legal entity at the time of submitting this application, and must meet each of the following certification criteria:

1. The organization must individually and collectively with its *Affiliates* have a primary mission of promoting community development;
2. The organization must be a *Financing Entity*;
3. The organization must principally serve a *Target Market*;
4. The organization must provide *Development Services* in conjunction with its financing activities;
5. The organization must maintain accountability to its defined *Target Market*; and
6. The organization must be a non-governmental entity, and must not be controlled by one or more governmental entities.

¹ Terms in *Capitalized Italics* are defined in the Glossary which is included in the Appendix and is available on the Fund's website: www.treas.gov/cdfi.

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Only applicant organizations that meet each of these six criteria will be certified by the Fund¹. **Applicant organizations that are *Depository Institution Holding Companies* or are *Affiliates of Depository Institution Holding Companies* or *Subsidiaries of Insured Depository Institutions* must demonstrate that the applicant individually and the applicant and its *Affiliates* or *Subsidiaries* collectively meet each of the six criteria.** The six criteria, and the respective submission requirements of each, are discussed in detail in part II-B below. Before proceeding to this part, be sure to review the definition of *Affiliate* provided in the Glossary.

Certification does not constitute an opinion by the CDFI Fund as to the effectiveness or financial viability of the certified organization. Qualitative determinations such as those are made by the Fund during the course of evaluating an organization's request for technical and/or financial assistance.

Benefits of CDFI Certification

There are several potential benefits of CDFI certification. First, certification enables an organization to receive financial assistance under the CDFI Program. Although an organization applying for CDFI Program funding is not required to be certified at the time of application, it must be certified before a funding award may be disbursed by the Fund under the CDFI Core or CDFI Intermediary components. Second, certified CDFIs can increase their capital by partnering with institutions seeking awards under the Fund's Bank Enterprise Award (BEA) Program, which provides financial awards to FDIC-insured depository institutions that invest in certified CDFIs. Finally, CDFI Fund certification may increase an organization's ability to raise funds from sources such as foundations and state and local governments.

Applying for CDFI Certification

Organizations may apply for CDFI certification by submitting this stand-alone certification application or by completing the CDFI "Certification Materials" portion of an application submitted under a CDFI Program funding round. To obtain a CDFI Program funding application, please contact the Fund or download and print the application directly from the CDFI Fund's web site (www.treas.gov/cdfi).

Stand-alone certification applications may be submitted to the Fund at any time during the year. However, during periods when the Fund is reviewing funding applications (generally from January through September of each year), review priority will be given to certification applications submitted as part of a funding application. Thus, the Fund anticipates that it will principally review stand-alone certification applications between October and December of each year.

Organizations applying for CDFI certification through this stand-alone certification application should send one signed original and one copy of all application materials to the address listed below. The original should be unbound, and the copy should be placed in a three-ring binder without staples or other forms of binding. Applications faxed or sent via e-mail will not be accepted.

Awards Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street, N.W., Suite 200-South
Washington D.C. 20005

NOTE: Stand-alone applications submitted by organizations seeking to partner with *Insured Depository Institutions* under the BEA Program should be submitted to the Fund no later than the BEA Program application deadline. If an organization seeking certification fails to submit its application by this deadline, the Fund cannot guarantee that it will have sufficient time to complete a certification review for the purposes of the funding round of the BEA Program.

¹ An entity that is unable to meet one or more of the eligibility requirements (e.g., financing entity) may create a separate entity for purposes of meeting these requirements. In order to be eligible for consideration, the new entity must legally exist at the time of application and must be the applicant entity.

Applying for Recertification as a CDFI

A CDFI certification conferred by the Fund will remain effective for three years from the date of certification by the Fund, unless, as a result of a review of the organization by the Fund, the Fund, in its sole discretion, decides to end the certification on an earlier date. **For organizations currently certified as CDFIs, this application must be completed by the applicant in order to be recertified by the Fund.**

Organizations must submit their applications for recertification at least three months before the expiration of their current certification, so that the Fund can make its recertification determination prior to the date of expiration. The recertification application may be completed either as a stand-alone application or by completing the CDFI "Certification Materials" portion of an application submitted under a CDFI Program funding round.

Helpful Hints

Consult the Glossary of Terms included in the Appendix when completing the application. All terms and phrases that are in *Capitalized Italics* in the application can be found in the Glossary.

Optional: Applicants may find it helpful to prepare the charts in the application in Excel spreadsheet files instead of typing the information into the printed version. Excel files may be obtained on the Fund's web site: www.treas.gov/cdfi.

Additional Questions and Information

If you have any questions about this application, you may contact the Fund by telephone at (202) 622-8662, by e-mail at cdfihelp@cdfi.treas.gov, or by facsimile to (202) 622-7754. Additional information on CDFI certification, and copies of the CDFI Program regulations, certification application, funding applications and other materials are available on the Fund's web site: www.treas.gov/cdfi.

The Fund also conducts a number of informational workshops in selected cities across the country each year. These workshops include information on CDFI certification requirements. They are generally held in connection with CDFI Program Notices of Funds Availability (NOFAs) published in the *Federal Register*. A schedule of these workshops is provided in the NOFAs and posted on the Fund's web site.

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Application Checklist

- ☐ **Applicant Information**
- ☐ **Industry Data**
- ☐ **Certification Materials**

Primary Mission

- ☐ Articles of incorporation (or similar organizing documents) and current bylaws
- ☐ Official document(s) referencing mission statement OR specified narrative information
- ☐ If applicable, information on shares of voting stock held by *Insured Depository Institution* or *Depository Institution Holding Company* investors.

Financing Entity

If your organization is an *Insured Depository Institution*, *Insured Credit Union* or *Depository Institution Holding Company*:

- ☐ Organizing documents and/or certificate of insurance

All other organizations:

- ☐ Asset Information Table with specified narrative information
- ☐ Staff Allocation Table with specified narrative information
- ☐ Year-end financial statements

Target Market

If your organization has identified an *Investment Area* as its *Target Market*:

- ☐ Investment Area worksheet
- ☐ Investment Area map
- ☐ Narrative description of unmet needs
- ☐ Applicant Activity Table with specified narrative information

If your organization has identified a *Low-Income Targeted Population* as its *Target Market*:

- ☐ Applicant Activity Table with specified narrative information

If your organization has identified an *Other Targeted Population* as its *Target Market*:

- ☐ Applicant Activity Table with specified narrative information

Development Services

- ☐ Specified narrative information on content of *Development Services*

Accountability

If your organization is demonstrating accountability through the governing board:

- ☐ A list of the governing board members, indicating which members represent the *Target Market*

If your organization is demonstrating accountability through other means:

- ☐ Specified narrative information

Non-Government Entity

- ☐ If applicable, specified narrative information

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Part I. Applicant Information

Certification/Recertification Application Only

Application Type (check one):

1. Applying for certification with this application ☐

2. Applying for recertification with this application ☐

If available, certification ID number: _____

If available, certification expiration date: _____

Applicant Contact Information

Applicant Organization Name: _____

Mailing Address (Provide mailing address and physical address for overnight deliveries (if different). Provide nine-digit zip code where available): _____

Authorized Representative Name and Title, and address if different from applicant: _____

Telephone number: _____

Fax number: _____

E-mail address: _____

Contact Person Name and Title, and address if different from applicant: _____

Telephone number: _____

Fax number: _____

E-mail address: _____

Employer Identification Number: _____

Dunn & Bradstreet Number (if available): _____

Estimate how long this application took to complete: _____ Hours

To the best of my knowledge and belief, all information in this application is true and correct. The application has been duly authorized by the governing body of the applicant.

Authorized Representative Signature: _____

Date: _____

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Part I. Applicant Information

Applicant Organizational Characteristics

List all of the states currently served by the applicant:

Target Market (check all that apply): ☐ Urban ☐ Suburban ☐ Rural

Type of Entity (Check one):

- ☐ For-profit
☐ Non-profit
☐ Other (specify):

Non Profit Tax Exempt Status (if applicable):

- ☐ 501(c)(3) ☐ 501(c)(4)
☐ Other (specify):

Type of Financial Institution (check one):

- ☐ Thrift, Bank or Bank Holding Company ☐ *Multi-Bank CDC*
☐ Credit Union ☐ *CDFI Intermediary*
☐ *Venture Capital Fund* ☐ Other (specify):
☐ Loan Fund

Financing Activities (check all that apply):

- ☐ Microenterprise ☐ Consumer Loans
☐ Business ☐ Consumer Checking/Savings Accounts
☐ Housing ☐ Other (specify):
☐ Facilities

Predominant Financing Activity: If more than one financing activity is checked above, indicate which one is the predominant activity:

Is the applicant duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established?

- ☐ Yes
☐ No (if no, the applicant is not eligible to apply for or CDFI certification)

Applicant's Date of Incorporation (month/day/year):

Date the applicant began to incur operating expenses (month/day/year):

Total Assets of applicant at the time of submission of this application: \$

Affiliate Information Table

Applicants with *Affiliates* must complete this table. Attach additional sheets of paper if needed.

Affiliate Name	Certified CDFI (yes/no)	Total Assets (as of last completed fiscal year)
		\$
		\$
		\$
		\$
		\$
		\$

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Part II-A. Industry Data

12. Jobs created/maintained in businesses/microenterprises¹:
- a. Total number of *Full Time Equivalent (FTE)* positions at the businesses/microenterprises financed by the applicant during the applicant's previous fiscal year (the fiscal year prior to the most recently completed fiscal year), at the time the loan/investment *Closed*.² _____
 - b. Total number of *FTE* positions at these same businesses/microenterprises at the end of the applicant's most recently completed fiscal year or, if available, any number reported subsequently. _____
13. Number of single-family and multi-family housing units projected to be developed or rehabilitated in deals that were financed (entirely or in part) by the applicant during the applicant's most recently completed fiscal year: _____
14. Number of mortgage loans *Closed* by the applicant with first-time homebuyers³ during the applicant's most recently completed fiscal year: _____
15. Number of community facilities/community service organizations slots projected to be created in deals that were financed (entirely or in part) by the applicant in the applicant's most recently completed fiscal year.⁴ _____
16. *Insured Credit Unions* or *Insured Depository Institutions* only: Number of accounts (share or share draft accounts/savings or checking accounts) opened by the applicant for first-time account holders during the applicant's most recently completed fiscal year.⁵ _____

¹ In reporting on the *Full Time Equivalents (FTEs)* at businesses and microenterprises financed by the applicant, count the number of *FTEs* only once, regardless of how many times the business or microenterprise received financing from the applicant during the fiscal year. Do not include *FTEs* at housing, community facility or community service organizations financed by the applicant.

² Note that this refers to the applicant's previous fiscal year, not the most recently completed fiscal year. For example, if an applicant's most recently completed fiscal year is 1999, the previous fiscal year would be 1998.

³ A first-time homebuyer is a borrower who has not owned a home in the last three years.

⁴ Community facilities/community service organizations include human and social service agencies, advocacy organizations, cultural/religious organizations, health care providers and child care/education providers, regardless of tax status. In reporting the number of slots created or projected to be created, only count the number of new slots created in deals that were financed by the applicant. This may involve the expansion and/or rehabilitation of an existing facility or the development of a new facility/service organization. For childcare facilities/service organizations, count the number of new childcare slots. For educational facilities/service organizations, count the number of new student slots. For health care facilities/service organizations, count the number of new patient slots. For all other facilities count the maximum client capacity of the facility created or the increase in client capacity resulting from the expansion or rehabilitation.

⁵ A first-time account holder is someone who has not held an account in the last three years.

Part II-B. Certification Materials

1. PRIMARY MISSION

Purpose: To determine whether an applicant individually and collectively with its *Affiliate(s)* has a primary mission of promoting community development.

Key Criteria: In order to be deemed eligible under this criterion, an applicant must individually and collectively with its *Affiliates* have a primary mission of promoting community development.¹ For purposes of this requirement, “promoting community development” is defined as purposefully improving the social and/or economic conditions of: (1) underserved people (including low-income people and people who lack adequate access to capital and/or *Financial Services*); and/or (2) residents of distressed communities (which may include *Investment Areas*). An applicant may meet this requirement by providing incorporating documents, bylaws, annual reports, or other organizational documents of the applicant and the *Affiliate(s)* that, in the judgment of the Fund, evidence such a primary mission. In the case of an applicant that is an *Insured Depository Institution* or *Insured Credit Union*, designation by a regulatory agency as a *Low-Income Designated Credit Union* or other community development institution is an indication of having such a mission.

In the circumstances where a primary mission of promoting community development is not clearly evidenced by the entity’s organizational documents, an applicant may still demonstrate a primary mission of promoting community development by showing that the collective activities and products of the applicant and its *Affiliate(s)* evidence such a primary mission.

For purposes of this requirement, an entity that has a mission directed at serving distressed communities must be able to demonstrate that its activities directly benefit community residents (for example, through the provision of jobs, and/or needed goods or services) of such distressed communities. The Fund will not deem activities that only provide indirect benefits to residents, such as an increase in the community’s overall tax base, as evidence of an applicant and its *Affiliate(s)* primary mission of promoting community development.

Information Needed from the Applicant:

1. Attach a copy of the applicant organization’s current bylaws and articles of incorporation.
2. Does the applicant organization have any *Affiliates*?
 - ☐ Yes
 - ☐ No
3. Do the incorporating documents, bylaws, annual reports, or other organizational documents of the applicant organization individually and with its *Affiliate(s)* collectively evidence a primary mission of promoting community development, as defined above under the Key Criteria section?
 - ☐ Yes (If yes, attach the appropriate documents reflecting the applicants and *Affiliate*’s missions and indicate the specific passage(s) referencing this primary mission)
 - ☐ No
4. If your answer to question #3 above is “No,” provide a brief narrative describing how the collective activities and products of the applicant organization and its *Affiliate(s)* evidence a primary mission of promoting community development, as described above under the Key Criteria section (suggested length: one page).
5. If the applicant or any of its *Affiliate(s)* issues stock, attach information indicating the proportion of voting stock held by *Insured Depository Institutions* or *Depository Institution Holding Companies*.

¹ In general, portfolio companies of *Venture Capital Fund* applicants or other applicants engaged in *Equity Investments* will not be considered *Affiliates* of such applicants.

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Part II-B. Certification Materials

2. FINANCING ENTITY

Purpose: To determine whether an applicant is an *Insured Depository Institution*, *Depository Institution Holding Company*, or *Insured Credit Union*, or whether it can otherwise demonstrate that it is a *Financing Entity*.

Key Criteria: Applicants that are *Insured Credit Unions*, *Insured Depository Institutions* or *Depository Institution Holding Companies* are considered *Financing Entities* by virtue of their status as regulated financial institutions. All other applicants will need to demonstrate that they are *Financing Entities*.

The Fund will examine information about an applicant's assets and its allocation of staff resources to determine whether the applicant's combined provision of *Financial Products* and *Development Services* make up a simple majority (more than 50%) of its activities, **based on its assets and its staff allocation**. The Fund will seek to determine that more than 50% of both its assets and its staff allocation are dedicated to financing activities. If so, the applicant will be determined to be a *Financing Entity*.

NOTE: As described under the *Development Services* criteria on page 18, in order for an activity to be classified as a *Development Service*, an applicant must demonstrate a clear link between the activity and the applicant's *Financial Products*. Thus, an applicant that is primarily a training, counseling, or technical assistance provider cannot count these activities as *Development Services* if, in the judgment of the Fund, such services are not intended to prepare an existing or potential borrower or investee to utilize the *Financial Products* of the applicant.

In circumstances where an applicant's combined provision of *Financial Products* and *Development Services* are not the majority of an applicant's activities, the Fund will also consider the extent to which the applicant engages in *Financing Related Activities*. These activities may include:

- the provision of pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and
- the provision of loan packaging, provided that the applicant is financing a portion of the loan that is being packaged for another lender.

An applicant whose *Financial Products*, *Development Services* and *Financing Related Activities*, when combined, make up a simple majority of its total activities will be determined to be a *Financing Entity*. The Fund recognizes that an applicant may engage in a variety of different activities, and therefore may not be able to demonstrate that a majority of its activities are dedicated to *Financial Products*, *Development Services* and *Financing Related Activities*. Such an applicant may still be considered a *Financing Entity* if, in the judgment of the Fund, these activities collectively represent a plurality (the largest component) of its total activities.

Notwithstanding the above criteria, non-regulated applicants cannot be considered *Financing Entities* prior to making their first loan or *Equity Investment*.

CDFI Intermediaries

CDFI Intermediaries must additionally demonstrate that their financing activities are primarily directed at other CDFIs and/or supporting the formation of CDFIs.

Information Needed from the Applicant:

1. Is the applicant an *Insured Depository Institution*, *Depository Institution Holding Company*, or *Insured Credit Union*?
 - ☐ Yes (If yes, attach your organizing documents and/or current certificate of insurance indicating your status as such an entity. Please skip to Sub part 3, Target Market, on page 13).
 - ☐ No
2. Has the applicant made its own loans and/or *Equity Investments* to non-Affiliate entities using its own capital and are these activities reflected on its statement of financial position (balance sheet)?
 - ☐ Yes
 - ☐ No
3. Attach a copy of the applicant's *Financial Statements* for its most recently completed fiscal year. If such *Financial Statements* are not yet audited, also attach a copy of the applicant's most recent audited *Financial Statements* or an explanation as to why an audit has not been conducted.

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Part II-B. Certification Materials

Asset Information Table

	Category	Dollar Amount	% of Total Assets
A.	Total Assets		100%
B.	<i>Financial Products</i> assets ¹		%
C.	<i>Development Services</i> assets ²		%
D.	Subtotal (rows B +C)		%
E.	If row D ≤ 50% of total assets: <i>Financing Related Activities</i> assets ³		%
F.	Subtotal (rows D+E)		%
G.	If row F ≤ 50% of total assets: All other assets ⁴		%
	1.		%
	2.		%
	3.		%
	4.		%

¹ Row B should include loans receivable and *Equity Investments* resulting from *Arms-Length Transactions*, as well as cash, cash equivalents, contracts receivable, grants receivable and other assets restricted by the source, or designated by an applicant's Board or similar body, for the provision of *Financial Products*.

² Row C should include contracts or grants receivable for the provision of *Development Services*, and cash or cash equivalents restricted by the source, or designated by an applicant's Board or similar body, for the provision of *Development Services*.

³ Row E only needs to be completed if row D comprises 50% or less of your organization's total assets. Estimate the total assets devoted to the provision of *Financing Related Activities*.

⁴ Row G only needs to be completed if row F comprises 50% or less of your organization's total assets. List each category of your organization's other assets separately on lines 1-4. These categories should be self-identified, and may include, for example, real estate development assets, assets related to the provision of social services, or fixed assets.

4. (a) Complete the Asset Information Table above, using the applicant's financial statements from its most recently completed fiscal year (audited, if available). Before completing this table, be sure to review the definitions of *Financial Products*, *Development Services*, and *Financing Related Activities* provided in the glossary. Note: You may download a spreadsheet version of this table at the Fund's website: www.treas.gov/cdfi.

4. (b) Provide explanatory notes clarifying how you used information from your organization's *Financial Statements* to derive the figures in rows B, C, and, if applicable, E and G of the Asset Information Table.

5. (a) Complete the Staff Allocation Table at top of page 12, based on your current allocation of staff resources. Note: You may download a spreadsheet version of this table at the Fund's website: www.treas.gov/cdfi.

For purposes of this table, the Fund defines one *Full Time Equivalent (FTE)* as one person working a 40-hour work week. In calculating the number of *FTEs*, an organization may aggregate the work hours of part-time employees (for example, if an organization has two part-time employees who each work 20 hours per week, they may be counted as one *FTE*).

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Part II-B. Certification Materials

Staff Allocation Table

	Category	FTEs	% of Total FTEs
A.	Total Number of <i>FTE</i> Staff		100%
B.	<i>FTEs</i> devoted to provision of <i>Financial Products</i> ¹		%
C.	<i>FTEs</i> devoted to <i>Development Services</i> ²		%
D.	Subtotal (rows B+C)		%
E.	If row D ≤ 50% of total <i>FTEs</i> : <i>FTEs</i> devoted to <i>Financing Related Activities</i> ³		%
F.	Subtotal (rows D+E)		%
G.	If row F ≤ 50% of total <i>FTEs</i> : All other <i>FTEs</i> ⁴		
	1.		%
	2.		%
	3.		%
	4.		%

¹ Estimate the number of *FTEs* devoted to activities directly related to the applicant's Financial Products. These activities may include loan processing, underwriting, servicing, and related administrative activities.

² Estimate *FTEs* devoted to *Development Services* that directly support the applicant's Financial Products.

³ Row E only needs to be completed if row D comprises 50% or less of your organization's total number of *FTEs*. Estimate the number of *FTEs* devoted to the provision of *Financing Related Activities*.

⁴ Row G only needs to be completed if row F comprises 50% or less of your organization's total number of *FTEs*. List each category of other *FTEs* separately as indicated in lines 1-4. These categories should be self-identified and may include, for example, staff devoted to real estate development or management, staff devoted to the provision of social services, etc.

An organization that has staff occupying multiple categories of activities identified in the Staff Allocation Table should allocate *FTEs* based on the estimated percentage of staff time an employee devotes to each category of activity.

An organization whose Board members or other volunteers devote significant time to fulfilling an organization's day-to-day operational responsibilities may aggregate such time into the calculations of *FTEs* in the Staff Allocation Table.

5. (b) Provide explanatory notes of how you derived the figures in the Staff Allocation Table. Specifically, explain how staff with multiple responsibilities are represented in the Table. To the extent that volunteers or Board members make up a significant portion of your organization's day-to-day staffing, explain their responsibilities and indicate how they are represented in the Table.

3. TARGET MARKET

Purpose: To determine whether an applicant's activities are principally directed to serving a *Target Market*.

Key Criteria: The requirements of this section are twofold. The applicant must first designate an eligible *Target Market*, and then demonstrate that a minimum of approximately 60% of its activities are directed towards serving its *Target Market*.

Designating a Target Market

An eligible *Target Market* may be comprised of: (a) *Investment Area(s)*; (b) a *Low-Income Targeted Population*; (c) *Other Targeted Population(s)*; or (d) any combination of the three. An applicant need only designate one *Investment Area*, *Low-Income Targeted Population* or *Other Targeted Population*, but may designate more than one, if necessary to demonstrate that a minimum of 60% of its activities are directed towards an eligible *Target Market*. The eligibility requirements for the *Target Market* are as follows:

1. An ***Investment Area*** will be found to be eligible if it:
 - (a) is entirely located within the *United States*;
 - (b) is comprised of an eligible *Geographic Unit(s)*¹; and either:
 - (1) Encompasses or is located in a Federally-designated Empowerment Zone or Enterprise Community; or
 - (2) Meets at least one of the CDFI Fund's five tests of economic distress² and has unmet needs for loans or *Equity Investments*.

A CDFI may serve one or multiple *Investment Areas*, as needed to fully define its *Target Market*.

To define an eligible *Investment Area*, applicants must use the Fund's On-Line Help Desk on the CDFI

Fund's website (www.treas.gov/cdfi). If you have questions, please contact the Fund at (202) 622-8662.

2. A ***Low-Income Targeted Population*** will be found to be eligible if it is comprised of individuals whose family income is not more than:
 - (a) For metropolitan areas, 80% of the metropolitan area median family income; and
 - (b) For non-metropolitan areas, the greater of 80% of the area median family income or 80% of the statewide non-metropolitan area median family income.

Applicants may use the Fund's On-Line Help Desk to determine whether their clients meet the *Low-Income Targeted Population* threshold for the defined *Low-Income Targeted Population*.

3. An ***Other Targeted Population*** will be found to be eligible if it is an identifiable group of individuals that is not a *Low-Income Targeted Population* but, nevertheless, lacks adequate access to loans, *Equity Investments*, or *Financial Services*. An *Other Targeted Population* shall include people who have historically been denied access to loans, *Equity Investments*, or *Financial Services* due to factors that are unrelated to their investment or credit worthiness such as gender, race, ethnicity, national origin and creed. An *Other Targeted Population* must be comprised of identifiable groups of individuals (e.g., African-Americans, Hispanics, Native Americans), as opposed to groups of institutions (such as small businesses or cooperative enterprises).

An applicant, in addition to demonstrating that it serves such a group, must also provide a brief analytical narrative with information demonstrating that the members of the group in its service area lack adequate access to loans, *Equity Investments* or *Financial Services*. The Fund has determined that credible evidence exists on a national level demonstrating that *Blacks* or *African*

¹ An *Investment Area* shall consist of a single *Geographic Unit* or a group of contiguous *Geographic Units*. Such contiguous units do not each have to meet one of the distress criteria. However, the combined population of *Geographic Units* which do not meet any distress criteria may not exceed 15% of the total population of the *Investment Area*. Contiguous *Geographic Units* in an *Investment Area* do not each have to meet the same distress criteria.

² An *Investment Area* will be considered distressed if it meets at least one of the following five criteria of economic distress: 1) has a high concentration of poverty; 2) has a low median family income; 3) has a high rate of unemployment; 4) has a high percentage of occupied distressed housing; or 5) has experienced a significant loss in population. These five criteria are further defined in the applicable CDFI Fund regulations found at 12 CFR Part 1805.201(b).

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Americans, Native Americans or American Indians, and Hispanics or Latinos lack adequate access to loans, *Equity Investments* or *Financial Services*.¹ To the extent that an applicant's service area is national and it is serving such population(s), it is not required to provide the above-referenced analytical narrative describing its population's unmet loan, *Equity Investment* or *Financial Service* needs. However, the Fund believes it is important to ensure that organizations serving these *Other Targeted Population(s)* in regional or local service areas provide information from those service areas that is consistent with the national data. In addition, the Fund has determined that credible evidence exists that *Alaskan Natives* residing in Alaska and *Native Hawaiians* or *Other Pacific Islanders* residing in Hawaii or *Other Pacific Islands* lack adequate access to loans, *Equity Investments* or *Financial Services*. To the extent that an applicant is serving such population(s), it is not required to provide the analytical narrative describing these populations' unmet loan, *Equity Investment* or *Financial Services* needs. Please see examples on page 15, question 5 of ways in which an applicant may satisfy this requirement.

Demonstrating that Activities are Directed Towards the Target Market

In general, an applicant must demonstrate that a minimum of approximately 60% of its total activities are directed to serving an eligible *Target Market*. To demonstrate that the applicant meets or surpasses this 60% threshold, the applicant must show that it serves its *Target Market* directly (e.g., loans directly to *Low-Income* people, loans directly to residents of an *Investment Area*, or loans directly to individuals who are members of an eligible *Other Targeted Population*) and/or indirectly (e.g., loans to businesses that are using loan proceeds to create or sustain jobs for *Low-Income* people or residents of an *Investment Area*, or loans to developers of housing for residents of an *Investment Area*).

For purposes of this requirement, in general, an activity that serves a *Target Market* indirectly (e.g., a loan to a small business that hires *Low-Income* people) shall be counted as serving the *Target Market* if at least 60% of the end beneficiaries (e.g. employees of the business receiving assistance from the applicant) are members of the *Target Market*. In cases in which an applicant cannot demonstrate that at least 60% of the end beneficiaries of

a given product or service are members of the *Target Market*, the Fund may still consider the activity as serving the *Target Market* if, in the opinion of the Fund, the applicant: 1) makes a good faith effort to serve the *Target Market* (e.g., by mandating that recipients of small business loans seek to fill positions first from State welfare lists or other sources of *Low-Income* workers); and 2) tracks the extent to which end beneficiaries are members of the *Target Market*.

CDFI Intermediaries

Since *CDFI Intermediaries* do not directly serve *Target Markets*, but instead serve such markets through support of CDFIs and/or emerging CDFIs, an applicant that is a *CDFI Intermediary* does not need to provide information on all of the *Target Markets* served by the CDFIs and/or emerging CDFIs that it serves. Instead, in the case of an applicant predominantly serving certified CDFIs, the Fund will assume that the applicant predominantly serves eligible *Target Markets*. Such an applicant need only specify the service area in which its certified CDFI clients are located (e.g., name of cities, counties, states or national). In the case of an applicant for whom the predominance of activities is not directed toward certified CDFIs, the applicant must provide information on how it determines that its activities are principally directed towards organizations principally serving eligible *Target Markets*, such as requiring a minimum level of activity within *Target Markets*, or other means.

Information Needed from the Applicant:

1. Indicate which *Target Market(s)* you are designating (check all that apply):
 - ☐ *Investment Area(s)*
 - ☐ *Low-Income Targeted Population*
 - Other Targeted Population(s)* (Specify populations(s):_____)

Investment Area(s)

2. For applicants designating one or more *Investment Area(s)*, prepare and attach an *Investment Area Worksheet* and *Investment Area Map*. These materials

¹ The Fund uses the definitions set forth in the Office and Management and Budget Notice, Revisions to the Standards for the Classification of Federal Data on Race and Ethnicity (10/30/97). The definitions are found in the Glossary of this application.

must be obtained from and prepared using the CDFI Fund On-Line Help Desk at the CDFI Fund's website (www.treas.gov/cdfi). Detailed instructions on how to prepare and submit this information are available on the website. If you have questions on how to prepare these materials, or cannot access the website, please contact the Fund at (202) 622-8662.

3. For applicants designating one or more *Investment Area(s)*, provide a brief narrative describing the unmet loan, *Equity Investment*, or *Financial Service* needs of the *Investment Area(s)*. For example, an applicant may illustrate a lack of bank branches within geographic proximity to the *Investment Area(s)*; or that residents of the *Investment Area* experience a high rate of loan declines from existing financial institutions. Note: The On-Line Help Desk (www.treas.gov/cdfi) has information on bank activity in *Investment Areas*. This information may be used as a source for describing unmet loan or *Equity Investment* needs in an *Investment Area*.

Low-Income Targeted Population

4. For applicants designating a *Low-Income Targeted Population*, specify the service area from which the *Low-Income Targeted Population* is drawn (e.g., name of city, county, state): _____

Applicants serving a *Low-Income Targeted Population* may consult the CDFI Fund On-Line Help Desk at the CDFI Fund's website (www.treas.gov/cdfi) to ascertain data relating to area median family incomes.

Other Targeted Population

5. For applicants designating an *Other Targeted Population*, specify the service area from which the *Other Targeted Population(s)* is drawn (e.g., name of city, county, state): _____

Provide a brief analytical narrative with information demonstrating that members of the *Other Targeted Population in the applicant's service area* have unmet loan, *Equity Investment* or *Financial Service* needs. This information may include, for example, data from the Fund's On-Line Help Desk about mortgage and small business lending within the applicant's service area by traditional financial institutions, surveys of the applicant's clients indicating high levels of loan denials by traditional financial institutions, studies conducted by third parties indicating inadequate access to loans, *Equity Investments*, or *Financial*

Services among members of the *Other Targeted Population* within the applicant's service area, information showing an inadequate number of bank branches or other regulated financial institution offices within the applicant's service area, Home Mortgage Disclosure Act data, Bureau of the Census data, data regarding the proliferation of high-cost lenders within the applicant's service area, information regarding the locations of bank branches within the applicant's service area, or other proxies that demonstrate that the *Other Targeted Population* lacks adequate access to loans, *Equity Investments* or *Financial Services* in the applicant's service area. The Fund reserves the right to request additional information, including information on the unmet loan, *Equity Investment*, or *Financial Service* needs of applicant's clients if it deems it appropriate.

The Fund has determined that credible evidence exists on a national level demonstrating that the following *Other Targeted Populations* lack adequate access to loans, *Equity Investments*, or *Financial Services: Blacks or African Americans, Native Americans or American Indians, and Hispanics or Latinos*. To the extent that an applicant's service area is national and it is serving such population(s), it is not required to provide the above-referenced analytical narrative describing its service area's unmet loan, *Equity Investment*, or *Financial Service* needs. However, the Fund believes it is important to ensure that organizations serving these *Other Targeted Population(s)* in regional or local service areas provide information from the service area that is consistent with this national data. Applicants serving *Alaska Natives* residing in Alaska and *Native Hawaiians* or *Other Pacific Islanders* residing in Hawaii or *Other Pacific Islands* are not required to provide the analytical narrative describing these populations' unmet loan, *Equity Investment* or *Financial Services* needs. Applicants wishing to designate any *Other Targeted Population* not listed above must provide information demonstrating that the population within the applicant's service area lacks adequate access to loans, *Equity Investments* or *Financial Services*.

All Applicants

6. All applicants must complete the Applicant Activity Table, on page 17, indicating the extent to which the applicant's *Financial Products*, *Financial Services*, and

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Development Services are directed to the defined *Target Market*. Please attach narrative information (suggested length: 1 page) describing how your organization verifies that activities shown as serving a *Target Market* are in fact being provided to that *Target Market*. For example, if an organization serves a *Low-Income Targeted Population* or *Other Targeted Population*, it should indicate how it verifies that its clients (or its clients' end beneficiaries) are *Low-Income* or members of the designated *Other Targeted Population*, respectively. Similarly, if an organization serves an *Investment Area*, it should indicate how it determines that its clients are residents of the *Investment Area*. For *CDFI Intermediaries*, the narrative information should discuss how it verifies that the clients are either certified CDFIs or predominantly serve eligible *Target Markets*.

NOTE: If an applicant does not track the information required in the Applicant Activity Table on a product-by-product or client-by-client basis, it may estimate the amount of activities directed to its *Target Market*.

In such cases, the applicant must identify in its narrative those cases in which estimates were used, and must provide an explanation of how the estimate was derived. For example, an applicant may survey a random sample of its borrowers in order to estimate the proportion of its loans that are directed to its *Target Market*, provided it documents the methodology used in the survey. In general, a random sample of at least 100 clients will be considered sufficiently large. The sample must demonstrate that the applicant meets or exceeds the 60% targeting threshold described under Key Criteria on page 13.

7. Estimate the percentage of your organization's other activities (such as *Financing Related Activities*, real estate management, social service delivery, etc.) that are directed towards its *Target Market(s)*: ____%.

NOTE: The Fund may request additional information from the applicant in circumstances where "other" activities constitute a significant portion of the applicant's total activities.

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Applicant Activity Table (see instructions on page 15, question 6)

Provide the information below only for the applicant's most recently completed fiscal year. The Fund may request information on additional past years if the activity levels described below are not conclusive.

- In columns 2 through 4, report only those activities that correspond to the Target Market that you designated in question 1, on page 14.
- Include activity that is in more than one Target Market only once. For example, a Low-Income borrower that also resides in an Investment Area should only be included in one column.
- If actual data is not available, you may use estimates, as described in question 6 on page 15. If you have no activity, put "none."

Measures	1. Total Activity	2. Activity in Investment Area(s)	3. Activity to Low-Income Targeted Population	4. Activity to Other Targeted Population(s)	5. Total Target Market Activity (column 2+3+4)	6. Target Market Activity as % of Total Activity (column 5 / column 1)
Loans						
Number of loans						%
Dollar amount of loans	\$	\$	\$	\$	\$	%
Equity Investments						
Number of Investments						%
Dollar amount of Investments	\$	\$	\$	\$	\$	%
Development Services						
Number of clients receiving Dev. Services						%
Deposits/Shares (Insured Depository Institutions and Insured Credit Unions only)						
Number of Deposit/Share Accounts						%
Dollar amount of Deposit/Share Accounts	\$	\$	\$	\$	\$	%
Grants or Deposits¹ to CDFIs or potential CDFIs (CDFI Intermediaries only)						
Dollar amount of grants and deposits	\$	\$	\$	\$	\$	%

¹ This refers to deposits made by a CDFI Intermediary to Insured Depository Institutions and/or Insured Credit Unions that are CDFIs or emerging CDFIs.

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4. DEVELOPMENT SERVICES

Purpose: To determine whether an applicant provides *Development Services* in conjunction with its financing activities.

Key Criteria: An applicant must demonstrate that it provides *Development Services* which, by definition, are directed to the recipients or potential recipients of the applicant's *Financial Products*. In order for an activity to be classified as a *Development Service*, an applicant must demonstrate a clear link between the activity and the applicant's *Financial Products*. Thus, an applicant that is primarily a training, counseling, or technical assistance provider cannot count these activities as *Development Services* if, in the judgment of the Fund, such services are not intended to prepare an existing or potential borrower or investee of the applicant to utilize the *Financial Products* of the applicant. The Fund does not specify a minimum ratio of an applicant's *Development Services* to its financing activities, recognizing that this ratio may vary depending upon an applicant's specific products and market.

Common examples of *Development Services* include homebuyer counseling, business plan development, training on business finances, and technical assistance on improving a borrower's credit rating. Applicants may provide *Development Services* through their own staff (as indicated in the Staff Allocation Table of this application), through the staff of an *Affiliate*, or through a contract with another provider (as long as the applicant is directing and contributing to the provision of those services).

Information Needed from the Applicant:

1. How does your organization provide *Development Services*? (Check all that apply).
 - ☐ Provides *Development Services* directly;
 - ☐ Provides *Development Services* through an *Affiliate(s)* (name of *Affiliate(s)*): _____;
 - ☐ Provides *Development Services* through a contract with a non-*Affiliate* organization(s) (name of provider(s)): _____.
2. Approximately what percentage of *Development Services* clients apply for *Financial Products* from your organization? _____%
3. Provide a brief narrative describing the content of your *Development Services* (Suggested length: 1 page). If your organization provides *Development Services* through a contract with a non-*Affiliate* organization, also describe the terms of the contract and the extent to which your organization directs and contributes to the provision of those services.

5. ACCOUNTABILITY

Purpose: To determine whether an applicant maintains accountability to its defined *Target Market*.

Key Criteria: The most definitive means by which an applicant may demonstrate that it is accountable to its *Target Market* is by demonstrating that members of its governing board are representative of the *Target Market*. An organization may maintain accountability to its *Target Market* either by having on its governing board individuals who are themselves representative of the *Target Market* (e.g. *Low-Income* individuals) or by having representatives of organizations that primarily serve the *Target Market* (e.g. staff or board members of a non-profit organization that principally serves *Low-Income* individuals). The Fund does not specify a minimum percentage of governing board members that must be accountable to the *Target Market*. The Fund will evaluate such accountability on a case by case basis, taking into consideration the size of the governing board along with the diversity of its membership.

If an applicant has designated both *Investment Area(s)* and *Targeted Population(s)*, the applicant must demonstrate that it maintains accountability to each portion of its *Target Market*. For example, if an applicant has identified an *Investment Area* in a city and has also identified a *Low-Income Targeted Population* drawn from the broader metropolitan area, the applicant must maintain accountability to the residents of the *Investment Area* and the *Low-Income Targeted Population*.

An applicant may satisfy the accountability requirement through means other than representation on its governing board -such as through advisory boards, focus groups, community meetings, or community or client surveys. In evaluating such means of maintaining accountability, the Fund will consider how often information is collected from the *Target Market*, and whether it is used by the applicant in making decisions that affect the *Target Market*.

Information Needed from the Applicant:

1. How does your organization maintain accountability to the residents of your defined *Investment Area(s)* and/or *Targeted Population(s)*? (check one or both).
 - ☐ Through the governing board (answer question 2, below)
 - ☐ Through other means (answer question 3, below)
2. If your organization maintains accountability through a governing board, complete the information below:

What is the total number of governing board members? _____

How many members of your organization's governing board are representative of its defined *Investment Area(s)* and/or *Targeted Population(s)*? _____

Attach a list of your Board Members, indicating which members are representative of the defined *Target Market* and how they are representative of that *Target Market* (for example, Mr. Smith resides in *Investment Area* #1).
3. If your organization maintains accountability through a means other than its governing board, provide a brief narrative describing how your organization maintains accountability to its defined *Target Market*. (Suggested length: 1 page). This narrative shall address how your organization uses its accountability approach to inform decisions made by the governing board that affect its *Target Market*.

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6. NON-GOVERNMENT ENTITY

Purpose: To determine whether an applicant is a non-government entity and is not controlled by one or more government entities.

Key Criteria: An applicant must demonstrate that it is not a government entity and is not controlled by one or more government entities.¹ In general, the Fund considers the following factors, among others, as indicative of an applicant's being controlled by one or more government entities:

- If one or more government entities or government officials control the election or appointment of a majority of the members of the applicant's board of directors. Even if no single government entity or official controls the election of the board, the Fund will consider an applicant to be governmentally controlled if a combination of separate government entities or officials control the election of a majority of the board.
- If the applicant is controlled by a parent organization that is controlled by one or more government entities.
- If one or more government entities select or have veto power over the selection of the applicant's executive director, chief executive officer, or comparable officer.
- If one or more government entities control or have veto power over the applicant's loan or investment decisions.

An entity that was created by or receives substantial assistance from one or more government entities may still meet this requirement provided that, in the judgment of the Fund, it is not controlled by such entities and maintains independent decision making authority over its activities.

Information Needed from the Applicant:

1. Indicate on the applicant organization's board list any members who are government employees or elected or appointed government officials.
2. Answer the questions below by placing a check in each applicable box. If you check any "yes," provide a brief narrative explaining the circumstances and whether this affects the applicant's ability to meet this requirement.
 - a. Do one or more government entities or officials control the election or appointment of a majority of the members of the board of directors of the applicant?
☐ Yes
☐ No
 - b. Do the articles of incorporation or bylaws of the applicant require that a certain number of the applicant's board members be government employees or elected or appointed government officials?
☐ Yes
☐ No
 - c. Do one or more government entities select or have veto power over the selection of the executive director, chief executive officer, or comparable official of the applicant?
☐ Yes
☐ No
 - d. Do one or more government entities control or have veto power over the financing decisions of the applicant?
☐ Yes
☐ No
 - e. Are a majority of the applicant's board members themselves elected or appointed government officials?
☐ Yes
☐ No
 - f. Does any government entity provide more than 50% of the applicant's operating budget or financing capital?
☐ Yes
☐ No
 - g. If the applicant organization is controlled by another entity, is that entity controlled by one or more government entities?
☐ Yes
☐ No

¹ For purposes of this requirement, the Fund does not consider organizations operated or controlled by a tribal government to be an agency or instrumentality of the government of the United States or any State or any political subdivision of a State. Thus entities that are tribal entities or controlled by tribal government entities may still be eligible as CDFIs.

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Glossary of Terms

TERMS	DEFINITIONS
Affiliate	Any company or entity that controls, is controlled by, or is under common control with another company.
African American	A person having origins in any of the black racial groups of Africa.
Alaska Native	See <i>American Indian</i> .
American Indian	A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.
Arms-Length Transaction	A transaction with an entity other than an <i>Affiliate</i> .
Authorized Representative	An officer, or other individual, who has the actual authority to sign for and make representations on behalf of the applicant.
Black	See <i>African American</i> .
Closed	See <i>Loan Closed</i> or <i>Equity Investment Closed</i> .
CDFI Intermediary	An entity whose primary business activity is the provision of <i>Financial Products</i> to CDFIs and/or emerging CDFIs and that meets the CDFI certification eligibility requirements.
Depository Institution Holding Company	A bank holding company or a savings and loan holding company as defined in Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813 (w)(1)).
Development Services	Activities that promote community development and are integral to the applicant's provision of <i>Financial Products</i> . Such services shall prepare or assist current or potential borrowers or investees to utilize the <i>Financial Products</i> of the applicant. Such services include, for example: <ol style="list-style-type: none">(1) Financial or credit counseling to individuals for the purpose of facilitating home ownership, promoting self-employment, or enhancing consumer financial management skills; or(2) Technical assistance to borrowers or investees for the purpose of enhancing business planning, marketing, management, and financial management skills.
Equity Investment	An investment made by an applicant which, in the judgment of the Fund, directly supports or enhances activities that serve an <i>Investment Area(s)</i> or a <i>Targeted Population(s)</i> . Such investment must be made through an <i>Arms-Length Transaction</i> . An <i>Equity Investment</i> includes a stock purchase, a purchase of a partnership interest, a purchase of a limited liability company membership interest, a loan made on such terms that it has sufficient characteristics of equity (and is considered as such by the Fund); or any other investment deemed to be an <i>Equity Investment</i> by the Fund.

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Equity Investment Closed	An <i>Equity Investment</i> is <i>Closed</i> when a legally binding investment document has been signed by the investee in favor of the investor.
Financial Products	Loans, <i>Equity Investments</i> , and in the case of <i>CDFI Intermediaries</i> , grants to CDFIs and/or emerging CDFIs and deposits in <i>Insured Credit Union</i> CDFIs and/or emerging <i>Insured Credit Union</i> CDFIs. <i>Financial Products</i> are made through <i>Arms-Length Transactions</i> to third parties using the CDFI's own capital.
Financial Services	Checking or savings accounts, check cashing, money orders, certified checks, automated teller machines, deposit-taking and safe deposit box services.
Financial Statements	Financial reports that reflect the financial condition of an organization at a specific point in time. In the case of a non-regulated for-profit, bank, thrift or <i>Insured Credit Union</i> , such statements consist of a balance sheet, income and expense statement, and statement of cash flows (optional for <i>Insured Credit Unions</i>). In the case of a non-regulated non-profit, such statements consist of a statement of financial condition, statement of activities and statement of cash flows.
Financing Entity	<p>An entity whose predominant business activity is the provision, in <i>Arms-Length Transactions</i>, of <i>Financial Products</i>, <i>Development Services</i>, and/or other similar financing. An applicant may demonstrate that it is such an entity if it is a(n):</p> <ol style="list-style-type: none">(1) <i>Depository Institution Holding Company</i>;(2) <i>Insured Depository Institution</i> or <i>Insured Credit Union</i>; or(3) An organization which is deemed by the Fund to have such a predominant business activity as a result of analysis of its organizing documents, and any other information required to be submitted as part of its application.
Financing Related Activities	<p>Activities that support the applicant's provision of <i>Financial Products</i>, including:</p> <ol style="list-style-type: none">(1) Pre-development grants, provided that, in the opinion of the Fund, they are offered to the applicant's borrowers or potential borrowers in order to enhance such borrowers' or potential borrowers' ability to use the applicant's lending or investment products; and(2) The provision of loan packaging, provided that, in the opinion of the Fund, the applicant is financing more than a nominal portion of the loan that is being packaged for another lender.
Full-Time Equivalent (FTE)	An employee that works at least a 40-hour work week. In calculating the number of <i>Full-Time Equivalents</i> , part-time employees should be aggregated to full-time equivalents (e.g. two part-time employees that each work 20 hours per week may be aggregated to count as one <i>Full-Time Equivalent</i> .)

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Geographic Units	A unit(s) within an <i>Investment Area</i> that is a county (or equivalent area), minor civil division that is a unit of local government, incorporated place, census tract, block numbering area, block group, or American Indian or Alaska Native area (as such units are defined or reported by the U.S. Bureau of the Census). However, <i>Geographic Units</i> in metropolitan areas that are used to comprise an <i>Investment Area</i> shall be limited to census tracts, block groups and American Indian or Alaskan Native areas.
Hispanic	A person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin, regardless of race.
Insured Credit Union	Any credit union, the member accounts of which are insured by the National Credit Union Share Insurance Fund.
Insured Depository Institution	Any bank or thrift, the deposits of which are insured by the Federal Deposit Insurance Corporation.
Investment Area	<p>A <i>Target Market</i> made up of a <i>Geographic Unit</i> or contiguous <i>Geographic Units</i> that:</p> <ol style="list-style-type: none">(1) Are entirely located within the geographic boundaries of the <i>United States</i> and either:(2) Meet at least one of the criteria of economic distress as defined under 12 CFR §805.201(b)(3)(ii)(D) and has significant unmet needs for loans or <i>Equity Investments</i> as described under 12 CFR §805.201(b)(3)(E); or(3) Encompass or are located in an Empowerment Zone (EZ) or Enterprise Community (EC).
Latino	See <i>Hispanic</i> .
Loan Closed	A loan is counted as <i>Closed</i> when a legally binding note has been signed by the borrower in favor of the lender.
Low-Income	<p>An annual income, adjusted for family size, of not more than:</p> <ol style="list-style-type: none">(1) For metropolitan areas, 80% of the area median family income; and(2) For non-metropolitan areas, the greater of: (i) 80% of the area median family income; or (ii) 80% of the statewide non-metropolitan area median family income.
Low-Income Designated Credit Union	A <i>Low-Income Designated Credit Union</i> is a credit union designated as such by the appropriate National Credit Union Administration Regional Director in accordance with the criteria set forth in 12 C.F.R. §701.34.
Low-Income Targeted Population	A <i>Target Market</i> that is made up of individuals who are <i>Low-Income</i> and who reside within the boundaries of the <i>United States</i> .
Multi-Bank Community Development Corporation (CDC)	In general, a for-profit or nonprofit organization in which multiple <i>Insured Depository Institutions</i> collectively play a role in the governance (e.g., comprising a majority of the board of directors), the investment decisions, and/or the capitalization of the entity.

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Native American	See <i>American Indian</i> .
Native Hawaiian	A person having origins in any of the original peoples of Hawaii.
Net Assets	<i>Total Assets</i> less <i>Total Liabilities</i> as reported in an organization's statement of financial condition. <i>Net Assets</i> is applicable to non-profit organizations and indicates the extent to which an organization's <i>Total Assets</i> exceed its <i>Total Liabilities</i> .
Net Charge-Off	The total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts charged-off but later collected. A <i>Net Charge-Off</i> is also known as a <i>Net Write-Off</i> to non-regulated organizations.
Net Worth	The total dollar value of a for-profit organization's equity and is comprised of the sum of common stock, paid-in capital and <i>Retained Earnings</i> . <i>Net Worth</i> is the equity base of a regulated bank or thrift and other unregulated for-profit organization and its underlying financial strength. <i>Net Worth</i> is also commonly known as <i>Total Equity</i> .
Net Write-Off	Total dollar amount of loans that are determined to be a loss or non-recoverable during the course of an organization's fiscal year and taken off the books less loan amounts written-off but later collected. A <i>Net Write-Off</i> is also known as a <i>Net Charge-off</i> to <i>Insured Credit Unions</i> , and banks and thrifts.
Other Pacific Islander	A person having origins in any of the original peoples of Guam, Samoa or other Pacific Islands.
Other Targeted Population	A <i>Target Market</i> that is made up of an identifiable group of individuals who lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area and who reside within the boundaries of the <i>United States</i> . Such a <i>Targeted Population</i> may be comprised of persons who have historically been denied access to loans or <i>Equity Investments</i> due to factors, including gender, race, ethnicity, national origin, and creed.
Past Due Loans	<i>Gross Loans Receivable</i> or <i>Total Loans</i> with payments 30 days or more past due (2 months for <i>Insured Credit Unions</i>). Loans should be considered past due if any part of the payment is past due.
Subsidiary	Any company which is owned or controlled directly or indirectly by another company and includes any service corporation owned in whole or part by an <i>Insured Depository Institution</i> or any <i>Subsidiary</i> of such a service corporation, except as provided in 12 CFR §805.200(b)(4).
Targeted Population	Individuals, or an identifiable group of individuals, who are <i>Low-Income</i> people (e.g., a <i>Low-Income Targeted Population</i>) or lack adequate access to loans or <i>Equity Investments</i> in the applicant's service area (an <i>Other Targeted Population</i>). The members of a <i>Targeted Population</i> must reside within the boundaries of the <i>United States</i> .
Target Market	An <i>Investment Area(s)</i> and/or a <i>Targeted Population(s)</i> .

Community Development Financial Institutions Fund

Appendix

Total Adjusted Notes Payable	<i>Total Adjusted Notes Payable</i> is comprised of the total dollar amount of an organization's notes payable that may be used to support lending or <i>Equity Investment</i> activities. <i>Total Adjusted Notes Payable</i> is calculated by deducting from total notes payable, all notes payable that are specifically used for non-financing activities (e.g. if an organization has an outstanding mortgage on its office building, the outstanding principal should be deducted from total notes payable).
Total Assets	The sum of all assets of the organization.
Total Financing Capital	<i>Total Financing Capital</i> is an organization's total assets that are either being used for lending or <i>Equity Investments</i> or are available for such use. <i>Total Financing Capital</i> is calculated by taking the sum of <i>Total Adjusted Notes Payable</i> and <i>Total Equity Capital Available for Financing</i> . <i>Total Financing Capital</i> represents the total dollar amount of debt and equity financing to support lending or <i>Equity Investment</i> activities.
Total Deposits	The total dollar amount of deposit liability accounts held by a bank or thrift that is a Federal Deposit Insurance Corporation insured bank or thrift.
Total Earned Income	<i>Total Earned Income</i> is the sum of interest income, loan fees and other program income, excluding all grants and contributions.
Total Equity	The sum of common stock, paid in capital and <i>Retained Earnings</i> (non-regulated for-profits, banks and thrifts). <i>Total Equity</i> is also commonly known as <i>Net Worth</i> .
Total Expenses	Total pre-tax expenses incurred during an annual period.
United States	The 50 states, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.
Venture Capital Fund	An organization that invests funds in businesses, typically in the form of either <i>Equity Investments</i> or subordinated debt with equity features such as a revenue participation or warrants, and generally seeks to participate in the upside returns of such equity investments or equity features in an effort to at least partially offset the risk of investments.